

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION**

IN RE:	§	
	§	
GINGER OIL COMPANY	§	CASE NO. 16-30678-H1-11
Debtor	§	(Chapter 11)
	§	JUDGE ISGUR

EMERGENCY MOTION FOR USE OF CASH COLLATERAL

This motion seeks an order that may adversely affect you. If you oppose the motion, you should immediately contact the moving party to resolve the dispute. If you and the moving party cannot agree, you must file a response and send a copy to the moving party. You must file and serve your response within 14 days of the date this was served on you. Your response must state why the motion should not be granted. If you do not file a timely response, the relief may be granted without further notice to you. If you oppose the motion and have not reached an agreement, you must attend the hearing. Unless the parties agree otherwise, the court may consider evidence at the hearing and may decide the motion at the hearing.

Represented parties should act through their attorney.

TO THE HONORABLE MARVIN ISGUR, UNITED STATES BANKRUPTCY JUDGE:

Comes Now, Ginger Oil Company, Debtor-in-Possession herein, with this its Emergency Motion for Use of Cash Collateral, (hereinafter “the Cash Collateral Motion”), pursuant to 11 U.S.C. §§ 361 and 363, and in support thereof would respectfully show unto this Court as follows:

I.
PARTIES

1. The Debtor may be served through its President, William D. Neville, 26310 Oak Ridge

Drive, Suite G-7, Spring, Texas 77380, with a copy to its Counsel, Julie M. Koenig, 815 Walker, Suite 1040, Houston, Texas 77002.

2. Independent Bank is the Debtor's only perfected secured creditor. Independent Bank may be served through its registered agent, Julie Crump, 1600 Redbud Blvd., Suite 400, McKinney, Texas 75069 with a copy to Philip Jones, Vice President, 2101 Cedar Springs Road, Suite 725, Dallas, Texas 75201, Attention: Energy Lending.

II.

JURISDICTION AND VENUE

3. This Court has jurisdiction pursuant to 28 U.S.C. §1334, venue is appropriate pursuant to 28 U.S.C. §1408, and this is a core proceeding pursuant to 28 U.S.C. §157(b)(2)(A), (D), (K), (M) and)(O).

III.

NOTICE

4. Sufficient and adequate notice of the Cash Collateral Motion has been given to prevent immediate and irreparable harm pursuant to Bankruptcy Rule 4001(c); Local Bankruptcy Rule 4001(c), and 4002-1(i) , as required by Sections 102, 361 and 363 of the Bankruptcy Code

IV.

FACTS

5. Ginger Oil Company was formed on December 31, 1982. On February 17, 1988, it merged with Acquisition and Divestment Consultants, Inc. with Ginger Oil Company being the surviving corporation in the merger.

6. The Debtor is in the business of oil and gas exploration and development in Arkansas, Louisiana and Texas.
7. On February 4, 2016, the Debtor filed a Voluntary Petition for Reorganization under Chapter 11 of Title 11 of the United States Code in order to protect its business as an ongoing concern.

V.
PREPETITION LIENS

8. On September 13, 2013, the Debtor executed a credit agreement and promissory note with Independent Bank in the original amount of \$25,000,000.00. The current balance on the note is approximately \$3,231,066.37. This note bears interest the rate of 4% or prime rate plus 0.5%, whichever is greater. The Debtor traditionally has paid 4%. It is secured by a first lien against the Debtor's accessions, accounts, as-extracted collateral, chattel paper, deposit accounts with Secured Party, documents, equipment, fixtures, general intangibles, goods, instruments, inventory, investment property, letter of credit rights, money, payment intangibles, proceeds, record, securities accounts, software, supporting obligations and proceeds of any of the foregoing. All personal property of Debtor, whether now owned or hereafter acquired. All assets of Debtor, whether now owned or hereafter acquired. A true and correct copy of the UCC-1 Financing Statement is attached hereto as Exhibit "A".
9. The line of credit note was amended on February 14, 2014, on August 12, 2014, on April 28, 2015, and on October 9, 2015. A true and correct copy of the Fourth Amendment to Credit Agreement is attached hereto as Exhibit "B".

VI.
CASH COLLATERAL

10. The Debtor requires the emergency use of cash collateral in the amount of \$50,573.00 for the next twenty (20) days to meet payroll and expenses to continue its business operations. The majority of these funds are for payroll, supplies and continuing expenses. The anticipated income for this period is \$105,000.00. A copy of the anticipated budget for the next twenty (20) days is attached hereto as Exhibit “C” and fully incorporated herein by reference.
11. In addition, the Debtor requires the use of cash collateral in the amount of \$87,451.00 on a monthly basis. The anticipated monthly income is \$90,666.00.¹ A copy of the proposed monthly budget is set forth on Exhibit “D”².
12. Without the use of cash collateral, the Debtor will be unable to retain or pay employees, to maintain its assets, to pay payroll taxes, inventory, suppliers, overhead, and other expenses necessary for its reorganization.
13. As adequate protection for the use of cash collateral, the Debtor shall agree, with Court approval, to grant replacement liens to the Secured Creditor equal to those held pre-petition.
14. The security interests granted to the Secured Creditor post-petition shall not have priority

¹ The Debtor may vary from this budget by 10% per month without further Order of this Court.

² This represents the anticipated average monthly income over the next twelve months. The actual income will vary and any net income is carried over to the next month. In the first 20 days the Debtor is anticipating receiving an additional \$14,334.00 as reflected on Exhibit C.

over (a) prior perfected and unavoidable liens and security interest in the property of the Debtor's estate as of the Petition Date other than their liens in the Pre-Petition Collateral, provided that (1) such liens and security interest are prior to other prepetition liens and security interests, valid, perfected, not adequately protected, and non-avoidable in accordance with applicable law; (b) the quarterly fees payable to the United States Trustee pursuant to 28 U.S.C. §1930; and (c) any fees and expenses awarded to Debtor's Counsel pursuant to Court Order.

WHEREFORE, PREMISES CONSIDERED, Ginger Oil Company, Debtor-in-Possession herein, prays that this Court conduct an Emergency Hearing on the Emergency Motion to Use Cash Collateral, enter an Order for Emergency Use of Cash Collateral for the Period February 4, 2016 through February 24, 2016, set a final hearing on the Motion, enter an Order for Interim Use of Cash Collateral after the hearing, and for such other and further relief, at law and in equity, as this Court deems just.

Respectfully submitted this 4th day of February, 2016.

COOPER & SCULLY, PC.

By: /s/ Julie M. Koenig
Julie M. Koenig
SBA# 14217300
Fed Id# 10396
815 Walker, Suite 1040
Houston, Texas 77002
(713) 236-6800 (Telephone)
(713) 236-6880 (Telecopier)
Julie.Koenig@cooperscully.com

Attorneys for the Debtor

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing has been served upon the parties listed below and on the attached service list via either ECF Notification, or by first class mail, proper postage affixed, on the 4th day of February, 2016.

By: /s/ Julie M. Koenig
Julie M. Koenig

Office of the U.S. Trustee
515 Rusk Ave., Ste. 3516
Houston, Texas 77002
Via ECF Notification

Julie Crump
1600 Redbud Blvd., Suite 400
McKinney, Texas 75069

Philip Jones, Vice President
2101 Cedar Springs Road, Suite 725
Dallas, Texas 75201
Attention: Energy Lending

Label Matrix for local noticing
0541-4
Case 16-30678
Southern District of Texas
Houston
Thu Feb 4 14:41:37 CST 2016

ATTORNEY GENERAL
TAX DIV. - BANKRUPTCY
POB 12548
AUSTIN, TX 78711-2548

Garry Ward
6030 Spring Oak Hollow
Spring, TX 77379-8833

Hans G. Blixt
23 Dakota Ridge Pl.
The Woodlands, TX 77381-4780

(p)INTERNAL REVENUE SERVICE
CENTRALIZED INSOLVENCY OPERATIONS
PO BOX 7346
PHILADELPHIA PA 19101-7346

LaVanCo Energy Ltd
PO Box 60087
San Angelo, TX 76906-0087

Paul S. Robinson
6215 Rippling Hollow Drive
Spring, TX 77379-4276

Stephens Production Company
623 Garrison Avenue
P.O. Box 2407
Fort Smith, AR 72902-2407

US Trustee
Office of the US Trustee
515 Rusk Ave
Ste 3516
Houston, TX 77002-2604

Woodlands Metro Center MUD
P.O. Box 7829
The Woodlands, TX 77387-7829

Ginger Oil Company
26310 Oak Ridge Drive
Suite G-7
Spring, TX 77380-1963

Attorney General
Department of Justice
10th and Constitution Ave N.W.
Rm. 400
Washington, D.C 20530-0001

Ginger Oil AB
Prstgatan 38
83131 stersund
Sweden

Harris County
c/o John Dillman
PO Box 3064
Houston, TX 77253-3064

Internal Revenue Service
Insolvency Department
PO Box 7346
Philadelphia, PA 19101-7346

Montgomery County Tax Assessor
400 N. San Jacinto St.
Conroe, TX 77301-2823

Richard Brubaker
2507 Hyland Park
Houston, TX 77014-2871

TEXAS COMPTROLLER OF PUBLIC ACCOUNTS
111 E. 17TH STREET
AUSTIN, TX 78774-0100

Vecta Oil and Gas Ltd.
575 Union Blvd
Suite 208
Lakewood, CO 80228-1242

Julie Mitchell Koenig
Cooper & Scully, PC
815 Walker, Suite 1040
Houston, TX 77002-5776

United States Bankruptcy Court
PO Box 61010
Houston, TX 77208-1010

Cooper & Scully, P.C.
815 Walker St., Suite 1040
Houston, TX 77002-5776

HARRIS COUNTY/CITY OF HOUSTON
C/O BANKRUPTCY DEPT
PO BOX 3064
HOUSTON, TX 77253-3064

Independent Bank
2101 Cedar Springs Road
Suite 725
Dallas, TX 75201-2178

Julienne L. Blixt
23 Dakota Ridge Pl.
The Woodlands, TX 77381-4780

Patterson Energy Corp
PO Box 311836
New Braunfels, TX 78131-1836

SECURITIES AND EXCHANGE
COMMISSION
450 FIFTH STREET NW
WASHINGTON, DC 20549-0006

Texas Workforce Commission
PO Box 149037
Austin, Texas 78714-9037

William D. Neville
2 Wild Ginger Court
The Woodlands, TX 77380-1347

The preferred mailing address (p) above has been substituted for the following entity/entities as so specified by said entity/entities in a Notice of Address filed pursuant to 11 U.S.C. 342(f) and Fed.R.Bank.P. 2002 (g)(4).

Internal Revenue Service
1919 Smith St.
Stop 5024 HOU
Houston, TX 77002

(d)Internal Revenue Service
STOP 6692 AUSC
Austin, TX 73301-0030

The following recipients may be/have been bypassed for notice due to an undeliverable (u) or duplicate (d) address.

(u)Leases and Contracts

End of Label Matrix	
Mailable recipients	28
Bypassed recipients	1
Total	29